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TERENCE C. GOLDEN TO BE ADMINISTRATOR OF THE GENERAL SERVICES ADMINISTRATION

JANUARY 30 (legislative day, JANUARY 27), 1986.—Ordered to be printed

Mr. ROTH, from the Committee on Governmental Affairs, submitted the following

REPORT

[In relation to the 1985 nomination of Terence C. Golden to be Administrator of the General Services Administration]

The Committee on Government Affairs, to which was referred the nomination of Terence C. Golden to be Administrator of the General Services Administration (GSA), unanimously reported the matter to the full Senate on June 25, 1985 with the recommendation that the nomination be confirmed. The nominee was confirmed without objection by the Senate on June 26, 1985.

In order to make floor action on the nomination possible before the July 4, 1985 recess, the Committee reported Mr. Golden's nomination prior to filing this report. The purpose of this report is to explain, for the record, the lengthy process the Committee followed in reviewing Mr. Golden's nomination and, in particular, the manner in which the Committee attempted to resolve potential conflict of interest issues presented by this nomination.

NOMINEE'S QUALIFICATIONS

GSA has two major areas of responsibility: the procurement of thousands of different items necessary to carry out the work of our federal civilian agencies, and the acquisition, construction, lease, management, maintenance, alteration and control of all federal civilian real property. The Committee found Mr. Golden's academic credentials and work experience to be exceptional for the position of Administrator of GSA.

Mr. Golden earned an M.S. in nuclear engineering from the Massachusetts Institute of Technology in 1967, and an M.B.A. from the Harvard School of Business in 1970. After working for the Babcock Wilcox Company from 1970-1973 and for the Palmas Realty Corporation from 1973-1976, Mr. Golden joined Trammell Crow Residen-

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tial Companies, one of the largest real estate developers in the country, as the managing partner from 1976 to 1984.

While at Trammell Crow, Mr. Golden was involved in approximately 150 development projects, supervised approximately 2,000 employees, and managed the real estate interests of more than 100 partnerships. In that capacity, he had long-term, hands-on contact with the purchase, sale, lease and development of hundreds of individual properties.

In April 1984, he became Assistant Secretary of Treasury for Administration, serving under Secretary Donald T. Regan. In that post he was responsible for general administration of the Treasury Department, including such activities as departmental budget formulation and execution, and development of departmental policy as it relates to personnel, procurement and administrative service.

Since so much of GSA's work is in the area of the management, development, sale and lease of real property, as well as the procurement of goods from the private sector, the Committee welcomed a nominee with Mr. Golden's qualifications. Based upon his education and business experience, his expertise in real estate and financial matters and his honesty and integrity, the Committee strongly supported his nomination to be Administrator of GSA. However, a major issue that had to be addressed was that of possible conflict of interest problems that could result from Mr. Golden's sizable real estate holdings.

NOMINEE'S FINANCIAL HOLDINGS

As managing partner of the Trammell Crow Residential Companies, Mr. Golden was compensated in large part by earnings from real estate partnerships and "Subchapter S" corporations in which he was managing or general partner or a major stockholder and an officer and director. The companies were involved in many types of residential real estate activities.

Mr. Golden resigned as a managing partner of Trammell Crow Residential Companies in 1984 when he became Assistant Secretary of the Treasury for Administration. He also resigned as an officer and director in all of the corporations in which he had an interest. However, at the time of the Committee's consideration of his nomination, he held a partnership interest in approximately 115 partnerships and 25 corporations involving Trammell Crow real estate activities. At his confirmation hearing, Mr. Golden testified that he had approximately 300–350 general and limited partners in the 115 partnerships he identified.

Because of these extensive real estate holdings, the possibility existed that the nominee might have a conflict or the appearance of a conflict of interest relating to (a) his current financial interests; (b) the interests of Trammell Crow enterprises or the Trammell Crow family; or (c) the interests of the nominee's other partners.

APPLICABLE CONFLICT OF INTEREST PROVISIONS

A conflict of interest arises where a federal government employee uses his or her public office for private gain. An appearance of a conflict of interest is created where the public could perceive conflict whether or not one actually exists.

18 U.S.C. Section 208 is a criminal statute which prohibits official acts affecting a personal financial interest. It prohibits a federal employee from:

> participat(ing) personally and substantially as a Government officer or employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in a judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter in which, to his knowledge, he, his spouse, minor child, partner, organization in which he is serving as officer, director, trustee, partner or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest.

Executive Order 11222, issued by President Lyndon Johnson in May 1965, establishes standards of conduct for executive branch officers and employees and, in so doing, prohibits certain behavior that may result in or create the appearance of an impropriety or unethical conduct concerning an employee's relationship to persons with whom he or she must deal in an official capacity. It provides, in pertinent part, that:

> It is the intent of this section that employees avoid any action, whether or not specifically prohibited by subsection (a), which might result in, or create the appearance of—
>
> (1) using public office for private gain;
>
> (2) giving preferential treatment to any organization or person;
>
> (3) impeding government efficiency or economy;
>
> (4) losing complete independence or impartiality of action;
>
> (5) making a government decision outside official channels; or
>
> (6) affecting adversely the confidence of the public in the integrity of the Government.

The standards are also embodied in regulations of the Office of Personnel Management and executive branch agencies.

The underlying objective behind including the appearance of impropriety, as well as actual impropriety, in the standard is to preserve the trust and confidence of the public in the integrity of government. Because public perception is the critical factor, the appearance of an act becomes critical also. This point is illustrated in testimony by Bernhardt K. Wruble before the Committee's Subcommittee on Oversight of Government Management on April 24, 1985:

> It seems to me that the government is properly concerned with the "appearance" as well as the actuality of impropriety. The underlying objective here is to preserve the trust and confidence of the public in the integrity of their government. Indeed, there is the bedrock precept and expectation that the benefits, the offices and the opportunities available in the government will be dispensed fairly and

are not for sale. Because public perception is the operative factor, it follows that the appearance of an act is a critical issue.

Creating an appearance of a conflict of interest, is, in fact, grounds for disciplinary action. The Merit Systems Protection Board (MSPB) and several federal courts have upheld sanctions imposed on federal employees on the basis of appearance violations alone.[1]

COMMITTEE ACTION

Based upon procedures established by the Committee for considering nominations, and recognizing that the possibility of a conflict or appearance of a conflict of interest could exist in relation to this nomination, the Committee took the following steps:

(1) During the final stages of the White House clearance process, a biographical and financial information questionnaire was sent to the nominee. A response from the nominee was received by the Committee on March 22, 1985. Committee staff were aided in their review of finances, including the nominee's Financial Disclosure Report, by three GAO auditors who were detailed to the Committee for that purpose.

(2) Certain of the Committee staff reviewed financial information, tax returns, insurance files and court pleadings and interviewed the nominee's accountant, attorney, tax attorney, and the Trammell Crow Company's insurance broker in Dallas, Texas during the period April 30–May 10, 1985.

(3) The Office of Government Ethics reviewed the nominee's Financial Disclosure Report and provided the Committee with an opinion dated April 15, 1985. The opinion indicated that, subject to a commitment by the nominee to execute a recusal, the nominee would be in compliance with applicable laws and regulations covering conflicts of interest. The letter is included in Appendix A.

(4) The Committee requested an opinion from the designated ethics official of GSA as to potential conflicts of interest or legal impediments, based upon a review of the biographical and financial questionnaire responses and other information available to GSA. The opinion, dated April 1, 1985, revealed no conflict of interest or legal impediment. It did, however, indicate areas where real or apparent conflict of interest could be perceived. The agency ethics official prepared a draft letter of recusal which he believed could forestall a conflict or an appearance of conflict. The opinion and draft recusal are contained in Appendix B.

(5) The Committee requested that the Congressional Research Service provide a survey of the manner in which presidential nominees have attempted to avoid possible conflicts of interest involving personal financial interests. The CRS report is included as Appendix C.

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[1] See *Burnett* v. *U.S. Soldiers' Airmens' Home*, 11 MSPB 559 (1982); *Moffer* v. *Department of Interior*, 8 MSPB 134 (1981); *Wild* v. *United States Department of Housing and Urban Development*, 692 F. 2d 1129 (7th Cir. 1982); and *Lowry* v. *Richardson*, 390 F. Supp. 356 (E.D. Okla. 1973).

(6) The Committee sent a set of pre-hearing policy questions to the nominee, which he responded to on April 19, 1985.

(7) On May 21, 1985, Committee staff interviewed the nominee.

(8) A summary of the FBI report on the nominee was reviewed by Senator Roth, as Chairman of the Committee, and by the Ranking Minority Member, Senator Eagleton.

(9) On June 17, 1985, Committee staff met with the GSA designated ethics official, representatives of the Office of Government Ethics and the Counsel to the President, and Mr. Golden to discuss the conflict of interest issue and the terms of the proposed recusal agreement.

(10) On June 18, 1985, the nominee submitted to the Committee the formal recusal agreement signed by him. The agreement is contained in Appendix D.

(11) On June 19, 1985, the Committee held a hearing on the nomination. The nominee appeared and responded to all questions posed by Senators Roth, Eagleton, Levin, Glenn and Gore.

(12) On June 21, 1985, the Office of Government Ethics responded in writing to a series of questions posed by the Committee at the conclusion of Mr. Golden's confirmation hearing. The letter can be found in Appendix E.

(13) After his confirmation, Mr. Golden submitted to the Committee a plan dated October 31, 1985, for implementation at GSA of the recusal agreement. The plan is located in Appendix F.

POSSIBLE CONFLICTS FOR THE NOMINEE

The possibility of a conflict of interest or the appearance of a conflict of interest appears to exist for the nominee in three areas: his current financial holdings, the interests of the Trammell Crow Companies or the Trammell Crow family, and the interests of the nominee's current partners. Mr. Golden and the Committee agreed that a letter of recusal signed by him could satisfactorily address these areas. A description of the recusal agreement appears on page 8 of this report.

Nominee's financial interest

The Committee determined that no conflict or appearance of a conflict of interest exists for Mr. Golden with his current holdings. His partnership interests are, with four exceptions, in residential properties, an area in which GSA does not do business. The four exceptions to the residential properties are certain partnerships, which own a total of three commercial properties, and one company which leases warehouse space to retailers. According to the information supplied by GSA immediately prior to Mr. Golden's confirmation, there were no contracts with GSA on any of these properties. The Committee has also received letters from these four entities stating their commitment not to do business with GSA during Mr. Golden's tenure there.

Trammell Crow interests

Prior to Mr. Golden's confirmation, GSA informed the Committee that Trammell Crow Commercial Properties (a separate company from Trammell Crow Residential Properties and one in which Mr. Golden has no financial interest) had leases with GSA for approximately 12 properties and that GSA had not sold real property to or purchased real property from Trammell Crow during the past year. The Committee has nothing to indicate that Trammell Crow will or will not seek to do business with GSA in the future, and given past experience, it is possible that it will.

Under the present organizational structure at GSA, it is unlikely that Mr. Golden as Administrator would be asked to participate in decisions affecting Trammell Crow because decisions on particular matters involving the purchase, sale or lease of property by GSA are routinely made in GSA's regional offices and rarely reach the level of Administrator. Nevertheless, even if the nominee did not participate in a decision relative to a transaction involving Trammell Crow, the appearance of favoritism still could exist because of the nominee's longstanding relationship with the Crow family. Even complete divestiture, however, would not protect against allegations stemming from this relationship.

Mr. Golden and the Committee agreed that Mr. Golden's recusal from any matter involving Trammell Crow companies, their subsidiaries or affiliates, or the Trammell Crow family would sufficiently protect Mr. Golden and the agency from actual conflict of interest problems. If GSA does business with Trammell Crow Commercial Properties without Mr. Golden's involvement, there may be allegations of appearance of conflict by those who see the transaction as favorable treatment by GSA employees because of Mr. Golden's previous relationship with Trammell Crow. The Committee acknowledges that such appearance problems are a possibility but is confident that the recusal process agreed upon provides the utmost protection.

Other partners interests

Mr. Golden is a managing general partner in approximately 115 partnerships. He has told the Committee that there are a total of approximately 300–350 partners in the these partnerships, approximately 90 of which are general partners, the rest being limited partners.

For GSA to monitor matters involving Mr. Golden's general and limited partners is more difficult than monitoring matters involving the Trammell Crow companies or family because of the large number of partners and because the partners may change from time to time. The latter is especially true with respect to limited partners. An even more difficult monoitoring task is that of trying to assure that Mr. Golden does not participate in matters involving companies in which his partners have an interest but which do not bear the name of his partner. If Mr. Golden became involved in a GSA transaction with such a company, even though he did not know of the financial interest of his partner, it could create the appearance of a conflict of interest. The Committee acknowledges this possibility. The only way in which this could be avoided would be

through complete divestiture by the nominee of all of his holdings or an even more elaborate monitoring system for recusals. The Committee considered both of these options and rejected them.

Contractors or builders

In addition, the GSA designated ethics official, in an opinion dated April 1, 1985, acknowledged another potential for the perception of real or apparent conflict of interests. Contractors or builders who perform services for partnerships in which Mr. Golden has a financial interest and who also contract with GSA might be perceived as giving favorable prices to the Golden partnerships to enhance opportunities for GSA work. The Committee has concluded that such an appearance problem, while possible, is unlikely and therefore does not merit the elaborate monitoring arrangement that would be required to absolutely guarantee recusal on the nominee's part.

OPTIONS TO PREVENT CONFLICT

The Committee considered a number of options available to a federal employee or a nominee to avoid conflicts of interest or the appearance of a conflict, including (a) divestiture of the nominee's financial interest, (b) placement of his assets in a qualified blind trust or a qualified diversified trust, and (c) execution by him of a recusal agreement.

A memorandum prepared by the Congressional Research Service for the Committee illustrates the options and combinations of options chosen by certain presidential nominees from 1953–1984. The memorandum illustrates how each individual situation and the relationships of those interests to all of the applicable statutes and regulations present factors which make the potential for conflict and the options chosen to prevent conflict unique.

Divestiture appears to have been used by a number of nominees where an agency involved would be making many decisions directly affecting the company in which the nominee had a financial interest. The nominee and the Committee agreed that divestiture is an inappropriate option in his case since his financial interests are in residential real estate, which is not the type of real estate GSA buys and sells. In addition, the expenses and tax losses resulting from divestiture would be excessive, and the time that would be required to sell the nominee's assets would be impracticable.

The Office of Government Ethics indicated to the Committee, both in conversations prior to the confirmation hearing and in the letter dated June 21, 1985, that a qualified blind trust would not be effective in Mr. Golden's case because of the essentially static nature of his real estate holdings. Blindness occurs only when assets are disposed of and other assets are subsequently purchased by the trustee. This type of trust is generally useful in situations where there is expected to be some substantial turnover of the original assets. Therefore, while Mr. Golden is eligible for such a trust, it would not eliminate the need for a recusal agreement nor would it afford any additional assurance of compliance with applicable laws and regulations.

OGE also pointed out in its letter that Mr. Golden would not be eligible for a qualified diversified trust because it requires that the original holdings be a liquid portfolio of readily marketable securities which are generally dispersed among individual entities and economic sectors, which Mr. Golden's real estate holdings are not.

Given the inadequacy or inapplicability of these other methods, the Committee concluded that a formal recusal agreement, which addressed as many areas of potential conflict as possible, would be the best method for the nominee to avoid conflict of interest problems. According to the Office of Government Ethics, recusal is the most typical mechanism for achieving compliance with applicable laws and regulations relating to conflicts of interest and standards of conduct. The use of formal recusal agreements has become commonplace in recent years.

A draft letter of recusal was prepared by the GSA designated agency ethics office prior to the hearing. Committee staff then consulted with the GSA ethics official, representatives of the Office of Government Ethics and Office of the Counsel to the President, and Mr. Golden.

The recusal process agreed upon by the nominee and the Committee involves execution of a formal recusal agreement by him and implementation of a screening process at GSA. The recusal agreement, which was signed by Mr. Golden on June 18, 1985, basically provides that Mr. Golden will disqualify himself from participating in any matter that could affect, or appear to affect, his private financial interests. It states that he will notify key officials of his "known partners" so they may direct all matters involving his financial interests to the Deputy Administrator without his knowledge, and he makes clear that this would include matters involving the Trammell Crow group or its subsidiaries or affiliates. In addition, the recusal agreement states that Mr. Golden will recuse himself from participation in certain other matters when he determines it is advisable to do so to avoid the appearance of impropriety.

In its letter dated June 21, 1985, OGE indicated that Mr. Golden's recusal letter meets applicable standards for such recusals pursuant to the Ethics in Government Act and the regulations thereunder. OGE also stated that, subject to its fulfillment, the recusal agreement assures compliance with applicable laws and regulations relating to conflicts of interest and standards of conduct.

In addition, Mr. Golden agreed to implement a screening procedure at GSA so that GSA can identify parties with potential conflicts of interest with Mr. Golden. In the event that such a party is identified as doing business with GSA, Mr. Golden will be isolated from any decision making regarding that party. In this way, the nominee will attempt to remove himself from any appearance of conflict of interest or impropriety.

Under the plan submitted to the Committee by Mr. Golden, GSA's Deputy Administrator, Ethics Official and General Counsel will have access to a list of Mr. Golden's general and limited partners and a list of all entities in which he has a financial interest. All particular matters to be referred to the Administrator for action will first be referred to the Offices of General Counsel and of Ethics for review. If, in the opinion of either office, a conflict or po-

tential for conflict exists, the matter will be referred to the Deputy Administrator for appropriate action. In addition, certain of Mr. Golden's staff will screen any item requiring Mr. Golden's attention to ensure that he does not participate in matters that could present a possible conflict of interest.

IMPLEMENTATION OF RECUSAL PROCESS

The implementation of the nominee's promise to disqualify himself from participating in any matter that could affect, or appear to affect, his private financial interests would not appear to be a serious problem. Such matters are unlikely to arise since all but four of his holdings are of a residential nature and GSA is not involved with residential properties. In addition, Mr. Golden has obtained written commitments from the managers of the commercial properties that those partnerships and corporations will not do business with GSA during Mr. Golden's term of office.

Moreover, it should not be difficult for GSA to monitor transactions with any of Mr. Golden's partnerships or corporations, in the unlikely event one should arise, because the names are known and should be able to be easily matched by computer.

It should also be relatively easy for Mr. Golden to avoid taking official actions relating to Trammell Crow and its subsidiaries and affiliates. The GSA computer will be used to match those company names against the names of companies doing business with GSA. Mr. Golden's aides will also act as a screen to prevent him from knowing about or participating in decisions involving Mr. Golden's partnerships and the Trammell Crow entities.

Implementation of the recusal agreement as it relates to transactions between GSA and Mr. Golden's approximately 300 other partners presents a more difficult problem because of the large number of individuals involved and the constantly changing nature of their business interests. Even though technically it might be possible for GSA to establish a system to match the names of owners of companies doing business with GSA against a list of the partners of the nominee, such a system would be excessively costly for GSA to maintain. In addition, it would be impracticable for GSA to attest to the accuracy of any such system. Thus, there will always be the potential for the appearance of conflict if Mr. Golden unknowingly participates in a matter involving one of his partner's companies or, indeed, if GSA does business with such an entity.

Senator Levin expressed concern about the complicated, time-consuming nature of implementing the screening procedure, especially as it relates to entities that Mr. Golden's partners have interests in, even though Mr. Golden does not. In response to that concern and in order to assess for future nominees the cost of implementing formal recusal agreements, the Committee has asked and Mr. Golden has agreed to report to the Committee at the end of six months from the time he begins his tenure at GSA as to the number of GSA staff hours required to implement the recusal agreement.

Above and beyond the recusal agreement and the screening process, Mr. Golden has told the Committee that, if he ever becomes aware that he is involved in a decision affecting any of his partners

or in any other particular matter he deems it desirable to do so, he will recuse himself immediately. He has impressed upon the Committee the importance of maintaining his reputation, and the Committee has no reason to doubt his integrity or his willingness to deal in a responsible manner with conflict or apparent conflict situations that may arise.

CONCLUSION

The biggest concern for the Committee in this case is the possibility in the future of an appearance of a conflict of interest. This is most likely to arise if GSA does business with a company in which one of Mr. Golden's partners has an interest, even if Mr. Golden has no financial interest in the company, is unaware of the transaction and does not participate in the decision.

While, for any nominee, there can be no guarantee that an actual conflict or the appearance of a conflict may not arise at some point, the Committee believes that the recusal process agreed upon greatly reduces that likelihood in Mr. Golden's case. The Committee is satisfied that it and the nominee have done everything reasonable to meet the goal of the Executive Order and applicable statues and regulations.

To choose some other option relating to standards of conduct and conflicts of interest would be to impose needless sacrifice upon or to lose the services of a highly qualified candidate. The Committee has long been concerned about the delicate balance of holding federal employees to high ethical standards and yet not making the standards so harsh or the enforcement of those standards so burdensome as to drive attractive qualified candidates for government service.

At the hearing, many of the Committee members expressed their high regard for and appreciation of Mr. Golden's education and business experience, his expertise in real estate and financial matters and his honesty and integrity. In its unanimous agreement to approve recommendation of Mr. Golden's confirmation, the Committee has exhibited its strong support for his nomination to be Administrator of the General Services Administration.

APPENDIX A

U.S. OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, DC, April 15, 1985.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Governmental Affairs
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Terence C. Golden, who has been nominated by President Reagan to be the Administrator of the General Services Administration.

We have reviewed the report and have also obtained advice from the General Services Administration (GSA) concerning any possible conflict in light of GSA's functions and the nominee's proposed duties. Mr. Golden has agreed, if appointed, to execute a recusal which, in effect, encompasses the Trammell Crow group and its subsidiaries and affiliates (see, draft recusal enclosed with GSA letter of April 1, 1985 (enclosed)). Subject to this commitment, we believe that Mr. Golden will be in compliance with applicable laws and regulations governing conflicts of interest. We note the applicability of 18 U.S.C. § 207(g) to those affiliated with Mr. Golden as partners, upon his assuming office.

Sincerely,

DAVID H. MARTIN, *Director.*

APPENDIX B

GENERAL SERVICES ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR,
Washington, DC, April 1, 1985.

Senator WILLIAM V. ROTH, Jr.,
Chairman, Senate Committee on Governmental Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: You have requested me to review "among other things" the attached biographical and financial information submitted to your Committee by Mr. Terence C. Golden in connection with his nomination to be Administrator of General Services.

In my opinion, neither Mr. Golden's responses to the Committee's questionnaire, nor the Financial Disclosure Report (updated to March 15, 1985) that he has submitted reveals any conflict of interest under applicable laws and regulations. Although they disclose significant financial interests in real estate, an area in which this agency has major operational responsibilities, his reported financial interests largely involve partnerships owning residential property. They are not likely to be concerned in any dealings of this agency. A conflict, or appearance of conflict, of interests that might conceivably otherwise arise can probably be effectively forestalled by Mr. Golden through recusal. I have attached a draft of the text of a letter of recusal suitable for him to sign. He has agreed to sign such a letter, and it should prove effective.

While my review has disclosed no legal impediment to Mr. Golden's service as Administrator, I should acknowledge two potentials for the possible occurrence of a perception of real or apparent conflict of interests. First: Contractors who perform alterations, painting, and repairs, etc., to buildings in which Mr. Golden has a financial interest may also contract, or seek to contract, with the General Services Administration to work on Federal buildings. Similar situations could arise in the case of builders. This could create a public perception that prices charged for work done on the privately owned buildings were deliberately scaled down by the contractors in the hope of enhancing opportunities to do work for the General Services Administration.

In view of the number and dispersal of Mr. Golden's property interests, it is unlikely that he could possibly be aware of the identity of all such contractors and thus probably impracticable to guard against a random incident. An adverse public image could conceivably arise from a particular situation, but I deem it unlikely to occur.

Second: A partner of Mr. Golden may own a financial interest in a company not owned by the partnership, and seek to do business

through it with the General Services Administration. If consummated, such a transaction could give rise to the appearance of favoritism. This can be avoided if the names of Mr. Golden's partners are made known by him to officials of the General Services Administration responsible for such matters, so that any transactions could be at arm's length and handled without the participation or knowledge of Mr. Golden. The draft of the letter of recusal contains an undertaking to do this.

Sincerely,

SAUL KATZ,
Designated Agency Ethics Official.

Enclosures.

DRAFT

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: If I am appointed Administrator of General Services I undertake to disqualify myself from participating, in my official capacity, in any particular matter that could effect, or reasonably appear to affect, my private financial interests or those of my immediate family and members of my household.

To that end, I shall notify my immediate staff of such financial interests and direct them to refer all such particular matters to the Deputy Administrator. I shall direct the Deputy Administrator to handle all such matters without reference to, or discussion with, me.

Recognizing that a partner of mine might have a financial interest in an entity extrinsic to our partnership that could seek to do business with the General Services Administration, I shall notify my key officials of the identity of each of my known partners so that I may likewise be excluded from knowledge of, and participation in, a matter involving the partner.

APPENDIX C

SELECTED PRESIDENTIAL NOMINEES WHO ESTABLISHED TRUSTS OR DIVESTED THEMSELVES OF CERTAIN POSITIONS OR HOLDINGS (1953–1984)

The information that follows was collected from the Congressional Quarterly Weekly Report, the Congressional Quarterly Almanac, a report from the New York City Bar Association, numerous newspaper and magazine articles, hearings, and the Office of Government Ethics. Also consulted were two works on appointments, G. Calvin Mackenzie's "The Politics of Presidential Appointments" (Free Press, 1981), and Joseph R. Harris' "Advice and Consent of the Senate" (University of California Press, 1953).

Time constraints precluded a search through nomination hearings, which would have provided the most thorough and reliable source of information. As a result, the list is far from comprehensive. Material on the Reagan nominees is most plentiful because of the requirements for financial disclosure and the establishment of the Office of Government Ethics under the Government in Ethics Act (P.L. 95–221), which went into effect in 1979. Practically no information was found in the above sources on nominees in the Carter, Ford, Johnson, and Kennedy Administrations.

To avoid possible conflicts of interest, the nominees considered took one or more of the following actions: divested themselves of certain positions, associations, and holdings; placed their assets in various kinds of blind trusts; and occasionally insulated, disqualified, or recused themselves from certain matters or else sought waivers so that they could be involved in those matters.

Included in the list are at least four nominees for whom special arrangements were made because of the large amount of assets they controlled: John T. Connor (Secretary of Commerce, 1965), David Packard (Deputy Secretary of Defense, 1969), John J. Louis (Ambassador to Great Britian, 1981), and Charles H. Price (Ambassador to Belgium, 1981). Because of their large holdings in single companies, both Connor (Merck & Co.) and Packard (Hewlett-Packard Corp.) were permitted to retain their stocks. Connor established a blind trust and Packard a charitable trust.[1] Louis and Price established hybird trusts—a combination of qualified blind trust and qualified diversified trust—and also obtained the waiver required under 18 U.S.C. 208(b) for certain individual diversified holdings. The individual diversified holdings threshold was set at 5 percent for Louis and 20 percent for Price.[2]

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[1] G. Calvin Mackenzie, "The Politics of Presidential Appointments." Free Press, New York. 1981. p. 101.

[2] Memorandum of Law (undated) prepared and signed by Peter H. Pfund, Deputy Designated Agency Ethics Official, Department of State (hereafter cited as Pfund memorandum); and conversation with officials in the Office of Government Ethics, Office of Personnel Management.

A list of the selected nominees and the types of actions they took to avoid conflict of interest problems begins on the following page. When examining the list, it should be borne in mind that both the statutes dealing with conflicts of interests and the trust agreements established to avoid those conflicts underwent changes during the period considered. It is difficult to determine the type of trust established by nominees before the Ethics in Government Act took effect in 1979, because there was no accepted definition of a properly formulated blind trust. Since that time, the trusts established and certified by the Office of Government Ethics have been either qualified blind trusts, qualified diversified trusts, or a combination of the two. A qualified blind trust holds unmarkable securities such as large blocks of stocks, unregistered shares or partnership shares. A qualified diversified trust holds only marketable securities and no single issue may exceed 20 percent of the market value of the portfolio and no industry or economic sector may exceed 30 percent of the portfolio.

Reagan administration

James A. Baker (Secretary of the Treasury; White House Chief of Staff)

Established a qualified blind trust before assuming position in the White House and recused himself from dealing with specific energy matters. As Treasury Secretary, continued trust: regarding energy matters he will be involved in broad generic policy determinations, but will recuse himself or seek a waiver when specific or particular matters are discussed. (Amount $3,422,155. More than $2 million in common stock, including $1.7 million in Texas Commerce Bancshares; municipal bonds—$4,000 face value; various tax shelter partnerships.) [3] [4] [5]

William E. Brock (Secretary of Labor; U.S. Trade Representative)

Established a qualified blind trust; in process of establishing qualified blind family trusts. (Amount $3,642,132. Common stock—$2.5 million; almost $800,000 in cash significant amounts of nonmarketable stocks and notes of Brock Candy Co. A trust in his wife's name includes Texas Commerce Bancshares stock worth $1.5 million.) [5]

William E. Casey (Director of Central Intelligence, 1981)

Initially decided not to establish a blind trust when the took offoce. Following critical newspaper stories, established a qualified blind trust in 1981.[6]

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[3] Letter of Jan. 22, 1985, to the Chairman of the Senate Committee on Finance from the Director fo the Office of Government Ethics.

[4] U.S. Congress. Senate. Committee on Finance. Hearing on Baker nomination. 99th Congress, 1st sess. Washington, Gov. Print. Off. 1985.

[5] "They Put Their Trust in Blind Trusts." Dun's Business Month. V. 119, May 1984, p. 46. (Hereafter cited as Dun's Business Month.)

[6] "Casey's Failure to Lists Assets, Debts Termed Unintentional." The Washington Post. Aug 19, 1981. p. A8.

Raymond Donovan (Secretary of Labor, 1981)

Executive vice president of Schiavone Construction Company. Served ties with Schiavone and several other companies and from certain General Partner and trustee positions. On a case-by-case basis, disqualified himself from participating in any matter which conflicts with his position.[7]

John L. Louis (Ambassador to Great Britain)

Chairman of the Combined Communications Corp. which was acquired by Gannett Co. Established four qualified blind trusts and granted a waiver for certain individual diversified holdings with threshold set at 5 percent. (Amount $7,491,000. Mostly common stocks, including more than $1 million in both Gannett Co. and S.C. Johnson & Son and more than $500,000 in Maynard Oil Co.; municipal bonds—at least $705,000; real estate partnerships and cash.)[8] [9]

Charles H. Price (Ambassador to Belgium)

President, Price Candy Co. Divested stock in certain companies and severed his ties with several other entities. Established several qualified blind trusts and granted a waiver for certain individual diversified holdings with threshold set at 20 percent.[9] [10]

Donald T. Regan (Secretary of the Treasury)

Chairman of Merrill Lynch & Co. Disqualified himself from acting with respect to any particular matters in the Department of the Treasury involving Merrill Lynch & Co., Inc. and several other business entities. Established a blind trust with respect to his holdings in Merrill Lynch and other appropriate property interests. (Amount $9,115,318. Merrill Lynch & Co. common stock worth almost $8 million; partnership interests in oil, gas and real estate projects valued at more than $650,000; municipal bonds—$500,000 face value.)[8] [11]

John S.R. Shad (Chairman, Securities and Exchange Commission, 1981)

Vice Chairman, E.F. Hutton Group. Divested himself of E.F. Hutton stock; he and his wife resigned as trustees of four trusts (three are for dependent children and one is for his wife); establish qualified diversified trusts for himself and his wife, and a qualified blind trust for himself. (Amount $13,314,770. A $7,821,028 note from the sale of E.F. Hutton stocks; common stocks—$3.4 million; municipal bonds—$1.1 million face value; cash $600,000; partnership interests—$270,000.)[8] [12]

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[7] Letter of Jan. 14, 1985, to the Chairman of the Senate Committee on Labor and Human Resources from the Director of the Office of Government Ethics.

[8] Dunn's Business Month. p. 46.

[9] Pfund memorandum.

[10] Letter of May 1, 1981, to Peter H. Pfund, Deputy Designated Agency Ethics Official, Department of State, from Charles H. Price, II.

[11] Letter of Jan. 14, 1981, to the Chairman of the Senate Committee on Finance from the Director of the Office of Government Ethics.

[12] Letter of Apr. 2, 1981, to the Chairman of the Senate Committee on Banking, Housing, and Urban Affairs, from the Director of the Office of Government Ethics.

William French Smith (Attorney General, 1981)

Partner in California law firm. Established a blind trust prior to confirmation in 1981. (Amount $1,110,194. Common stocks—$915,194; bonds—$195,000 face value.) [13]

Other Reagan Officials

Malcolm Baldrige (Secretary of Commerce, 1981)

President and chief executive officer of Scovill Incorporated. Converted most, if not all, of stock in Scovill and other companies into tax free municipal bonds.[14]

John F. Lehman Jr. (Secretary of the Navy, 1981)

President of Abingdon Corp., a military consulting firm he owned. Agreed to sell his interest in the firm.[15]

Andrew L. Lewis, Jr. (Secretary of Transportation, 1981)

Consultant, Lewis and Associates. Sold his holdings in General Motors and B.F. Goodrich.[16]

William D. Ruckelshaus (Administrator, Environmental Protection Agency, 1983)

Senior vice president for law and corporate affairs in Weyerhaeuser Co. Stated he would recuse himself from decisions even remotely related to interests of the company.[17]

Other officials establishing trusts (type of trust uncertain) [18]

James L. Buckley (Under Secretary of State);
Richard G. Darman (Deputy Secretary of the Treasury; White House Deputy Chief of Staff);
Christopher C. Demuth (Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget);
Roscoe L. Egger, Jr. (Internal Revenue commissioner);
James F. Goodrich (Under Secretary of the Navy);
Alexander M. Haig (Secretary of State);
Bevis Longstreth (Securities and Exchange Commission Member);
Craig A. Nalen (President, Overseas Private Investment Corporation);
Edward E. Noble (Chairman of Synthetic Fuels Corporation);
Donald J. Quigg (Deputy Commissioner, Patents and Trademarks);
Davis R. Robinson (State Department legal adviser);
Beryl W. Sprinkel (Under Secretary of the Treasury);
Robert Strausz-Hupe (Ambassador to Turkey);
John M. Walker (Assistant Secretary of the Treasury);
Murray L. Weidenbaum (Chairman, Council of Economic Advisers).

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[13] Dunn's Business Month. p. 46.
[14] "Income for Baldrige Put at $1.6 million." Federal Times. v. 18, June 14, 1982. p. 5.
[15] "Panel Sees Gap in U.S. Ethics Law." The New York Times. Apr. 6, 1983. p. D4.
[16] "$768,000 for Drew Lewis." Federal Times. v. 18, June 21, 1982. p. 24.
[17] National Journal. Apr. 23, 1983. p. 872.
[18] Dun's Business Month. p. 46

Carter administration

W. Michael Blumenthal (Secretary of the Treasury, 1977)

President, chairman and chief executive officer of Bendix Corp. Established a blind trust.[19]

Ford administration

William E. Simon (Secretary of the Treasury, 1974)

Administrator of the Federal Energy Administration. Continued the blind trust he had established when he took position with FEA.[19]

J. Ralph Stone (nominated to be Chairman of the Federal Home Loan Bank Board)

Stone had $2.5 million in savings stock banks and wanted to put the stock in the hands of an independent trustee, with any increase in value going to charity. The Senate Banking Committee, noting that the FHLBB regulates savings banks, rejected the proposal and demanded that Stone divest himself of the stock. Stone refused and the Committee took no further action on the nomination.[20]

Nixon administration

William L. Casey (Chairman of the Securities Exchange Commission, 1971)

Partner in New York law firm. Established a blind trust after the Senate Banking Committee insisted that he do so.[21]

Walter J. Hickel (Secretary of the Interior, 1969)

Governor of Alaska. Promised to divest certain holdings—particularly a $1 million investment in natural gas pipelines—in whichever way the Senate Interior Committee directed.[22]

David M. Kennedy (Secretary of the Treasury, 1969)

Chairman of the Continental Illinois National Bank and Trust Co. Divested holdings in the Bank and Trust Company and placed other stock in blind trust.[23]

David Packard (Deputy Secretary of Defense, 1969)

Chief executive officer of Hewlett Packard. Holdings of $300 million accounted for 30 percent of company, a large defense contractor. Divestiture was not a reasonable option because it would have depressed value of the stock. Committee agreed to allow Packard to place holdings in charitable trust for the period of his Government service, provided that he not participate in any Defense Department decisions that might in any way affect the Hewlett-Packard Corporation.[20] [24]

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[19] Dun's Business Month. p. 42.
[20] Mackenzie. p. 101.
[21] Mackenzie. p. 56.
[22] "Senate Double Standard Reveals Itself Once Again." Baltimore Sun. January 27, 1969. Cited in Congressional Record. Jan. 27, 1969. p. S939. (Hereafter cited as Baltimore Sun.)
[23] "Speedy Senate Vote Seen Today For Most of Nixon's Cabinet." Wall Street Journal. Jan. 20, 1961. p. 1.
[24] New Guidelines on "Conflict of Interest"? U.S. News & World Report. June, 9, 1969. p. 28.

William P. Rogers (Secretary of State, 1969)

Lawyer. Required to sell his share in Flying Tigers, an overseas freight hauling corporation.[25]

George Romney (Secretary of Housing and Urban Development, 1969)

Governor of Michigan. Continued trust arrangements he set up as Governor.[25]

Maurice Stans (Secretary of Commerce, 1969)

Partner in two partnerships, Staats and Company and Glore Forgan Staats and Company. Interests accounted for seven percent of the partnership, involving undivided interests in certain areas of indeterminable value. Established a blind trust.[25] [26]

Russell Train (Administrator, Environmental Protection Agency, 1973)

Chairman of the Council on Environmental Quality. Established a blind trust for both his and his wife's assets.[27]

John A. Volpe (Secretary of Transportation, 1969)

Governor of Massachusetts. Divested himself of his interest in the construction company he founded.[25]

Casper Weinberger (Secretary of Health, Education, and Welfare; Director of the Office of Management and Budget)

Vice President and general counsel of Bechtel Power Corporation. Divested himself of his holdings in the Bechtel Group.[25]

Johnson administration

John T. Connor (Secretary of Commerce, 1965)

President of Merck & Co., a pharmaceutical company. Senate Commerce Committee faced difficult problem because of his large holdings in the pharmaceutical company. He was permitted to retain his assets and placed them in a blind trust.[28]

Kennedy administration

Robert S. McNamara (Secretary of Defense, 1961)

President of the Ford Motor Company. The Armed Services Committee disapproved his proposal to place his assets in Ford Motors into an investment trust to avoid any conflict of interest. He and nine other Defense Department nominees finally gave written pledges to sell all holdings in any company doing business with the Department of Defense.[29]

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[25] Baltimore Sun.
[26] Statement by Secretary of Commerce Maurice H. Stans in Congressional Record. Feb. 17, 1971. p.S1372
[27] U.S. Congress. Senate. Committee on Government Affairs. Study on Federal Regulation. Vol. 1, The Regulatory Appointment Process. 95th Congress, 1st sess. U.S. Gov't Print. Off., Washington. 1977. p. 40
[28] Mackenzie. p. 101.
[29] Congressional Quarterly Almanac. 1961. v. 17, p. 942.

John A. McCone (Director, Central Intelligence, 1962)

McCone faced a possible conflict of interest when he failed to divest himself of $1 million in stock of Standard Oil of California and extensive holdings in shipping lines. He told the Armed Services Committee that he would give it a copy of his financial holdings in oil and shipping, and claimed that they would involve no conflicts of interest in any of his decisions as CIA Director.[30]

Eisenhower administration

George M. Humphrey (Secretary of the Treasury, 1953)

Humphrey was a dominant member in the management of four companies, including M.A. Hanna, which owned substantial stock in several major corporations. He divested himself of holdings in companies doing business with the Treasury Department. He was permitted to retain holdings in other companies, including M.A. Hanna, after telling the Committee that he would insulate himself from any activity involving those companies.[31]

John A. McCone (Member, Atomic Energy Commission, 1958)

Engineer and industrialist. Dispose of minority holdings in two small companies and offered to dispose of shares in two other companies that were important AEC contractors. Offered to dispose of his partnership interests and resign from profit making entities holding AEC contracts. Stock in several smaller companies unrelated to atomic energy he put in an irrevocable trust for a period of seven years or for his term of office, whichever proved shorter. The trust agreement provided that he would remove himself from the control of the companies, that trustees were empowered to vote stock, that he would be free from all management responsibilities, and that the companies involved were prevented from entering into contracts with the AEC or acquiring any stock in companies holding AEC contracts.[32]

Robert T. Stevens (Secretary of the Army, 1953)

Stevens' principal stock holdings were in the family controlled J.P. Stevens and Company, in which he owned over 42,000 shares and a trust in which he participated owned over 200,000 shares. Textile sales to the Government made up approximately 30 percent of the company's business in 1952. He had to divest himself of his stock in the company. In the meantime, he had to disqualify himself with respect to any dealings between the Department of Defense and the company.[33]

Harold E. Talbott (Secretary of the Air Force, 1953)

Financier and large stock holder in the Chrysler Corp. and several other corporations that held contracts with the Department of Defense. He was also a partner in an engineering firm specializing

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[30] Congressional Quarterly Almanac. 1962. v. 18, p. 926.
[31] Congressional Quarterly Weekly Report. v. 21, Week ending Jan. 23, 1953. p. 129.
[32] Conflict of Interest and Federal Service. The Association of the Bar of the City of New York. Special Committee on the Federal Conflict of Interest Laws. Harvard University Press, Cambridge. 1960. p. 112-113. (Hereafter cited as Special Committee.)
[33] Special Committee. p. 100-103.

in making studies of clerical efficiency and controls. He divested himself of his stockholdings, but he was permitted to retain a partial interest in the partnership with the other partner's understanding that no defense work was to be done while Talbott was in Washington.[34]

Charles E. Wilson (Secretary of Defense, 1953)

President of General Motors. Wilson had extensive holdings in GM stock; he proposed retain his GM stock and to disqualify himself in any transactions between the Defense Department and GM. The Committee rejected the proposal and he was forced to sell his stockholdings in GM.[35]

Roger M. Kyes (Under Secretary of Defense, 1953)

Executive at General Motors. He disposed of his GM stock when he assumed office.[36]

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[34] Special Committee. p. 103.
[35] Joseph P. Harris. "The Advice and Consent of the Senate." University of California Press, Berkeley. 1953. p. 260-262.
[36] Special Committee. p. 98-99.

APPENDIX D

JUNE 18, 1985.

Hon. WILLIAM V. ROTH, Jr.
Chairman, Senate Committee on Governmental Affairs,
U.S. Senate Washington, DC.

DEAR MR. CHAIRMAN: If I am appointed Administrator of General Services Administration I undertake to disqualify myself from participating, in my official capacity, in any particular matter that could affect, or resasonably appear to affect, my private financial interests of those of my immediate family and members of my household.

To that end, I shall notify my immediate staff and key officials of such financial interests and direct them to refer all such particular matters to the Deputy Administrator. I shall direct the Deputy Administrator to handle all such matters without reference to, or discussion with, me.

Recognizing that a partner of mine might have a financial interest in an entity extrinsic to our partnership that could seek to do business with the General Services Administration, I shall notify my key officials of the identity of each of my known partners so that I may likewise be excluded from knowledge of, and participation in, a particular matter involving such partner. Accordingly, I will recuse myself from participating in any particular matter in which the Trammell Crow group or its subsidiaries or affiliates has a financial interest.

In addition, there may be other matters before GSA now or in the future, in which an entity with which I was formerly affiliated may have an interest. It is my understanding that, if I have no continuing financial interest in these entities, applicable statutes would not require recusal in matters of this kind; nevertheless, I may decide, on a case by case basis, to recuse myself from participation in certain of these matters to avoid any appearance of impropriety or conflict of interest. These decisions would depend on such considerations as the nature of the matter itself and the extent and circumstances both of my prior partnership affilation to the entity involved, and of that entity's interest in the matter in question.

Sincerely,

TERENCE C. GOLDEN.

APPENDIX E

U.S. OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, DC, June 21, 1985.

Hon. WILLIAM V. ROTH, Jr.
Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your letter of June 20, 1985, with respect to the nomination of Terence C. Golden to serve as Administrator of the General Services Administration. The answers to your questions follow:

1. Recusal is the most typical mechanism for assuring compliance with applicable laws and regulations relating to conflicts of interest and standards of conduct. While as a general rule every Executive branch official is expected to refrain from official actions which might effect or involve his or her private financial interests, in recent years the use of formal recusal agreements has become commonplace. Indeed, the efficacy and importance of such agreements has been highlighted by the Congress through the enactment in 1983 of Public Law 98-150, which among other things added new section 211 to the Ethics in Government Act of 1978 (relating to notice of actions taken to comply with ethics agreements). It can be seen by its wording that this provision is anticipated to have its principal utility in the context of formal recusal agreements.

You have asked, in effect, for a general cataloging of recusal agreements. However, the file system maintained by the Office of Government Ethics indexes records in terms of officials and positions, not the remedies employed in particular cases. Thus, a complete cataloging or statistical analysis of the use of various statutory mechanisms to assure compliance with applicable laws and regulations would not be possible without an extensive manual search by our professional staff.

The contexts of individual situations and the relationships of private interests to the array of applicable statutes and regulations present factors, both subtle and complex, making analogies and generalizations quite difficult. However, as examples of situations within the Executive branch in which recusal agreements were felt efficacious to assure compliance with applicable laws and regulations by this Office as well as the Congressional committees with jurisdiction over their nominations, we note the cases of Deputy Secretary of Defense Taft, former Deputy Attorney General Dinkins, General Counsel of the Department of Defense Cox, former Assistant Attorney General for the Antitrust Division McGrath, and former Administrator of the Environmental Protection Agency Ruckelshaus. Of course, their files as well as the other files we

maintain are available for examination by staff members of the Committee.

2. Mr. Golden is eligible for a Qualified Blind Trust. However, under the statutory rules governing the utilization of such a trust, each asset which would be placed into the trust by Mr. Golden would be still considered his financial interest for purposes of 18 U.S.C. § 208 and all other laws and regulations relating to conflicts of interest and standards of conduct until such time as there might be notification by the trustee that a particular asset has been disposed of, or has a value of less than $1,000. We deem such notifications to be unlikely in Mr. Golden's case because of the essentially static nature of his holdings. True blindness would occur in the case of a Qualified Blind Trust only as to the assets subsequently purchased by the trustee in secret on roll-overs of the trust's original holdings.

Mr. Golden would not be eligible for the so-called Qualified Diversified Trust. This type of statutory trust, which does give immediate protection from otherwise applicable laws and regulations relating to conflicts of interest and standards of conduct—even as to the original assets, requires that the original holdings be a liquid portfolio of readily marketable securities which are generally dispersed among individual entities and economic sectors.

This Office has no preference for the establishment of a Qualified Blind Trust in situations such as that of Mr. Golden since, in terms of the applicable laws and regulations which are within our purview, such a trust would not have efficacy. This type of trust is generally useful in situations where there is expected to be some substantive turn-over of the original assets to be placed in the trust's portfolio, when the original portfolio is largely cash or the equivalent, or to serve as the recipient of a funding stream from other interests.

Accordingly, we must conclude that if Mr. Golden were to palce his assets within a Qualified Blind Trust, it would in no manner eliminate or diminish the need for his recusal or afford any additional assurance of compliance with applicable laws and regulations.

3. This Office did not have prior knowledge of the power of attorney arrangement. We have examined it in order to fully respond to your letter. Unlike a qualified trust certified pursuant to statute, the power of attorney arrangement has no effect under Federal law as an insulation from conflicts concerns. It is therefore not a necessity for Mr. Golden to have such a power of attorney in order to meet the requirements of the Ethics laws. Apparently, however, it may serve to relieve Mr. Golden from some perfunctory chores.

We have reviewed Mr. Golden recusal letter of June 18, 1985. In our opinion it meets applicable standards for such recusals pursuant to the Ethics in Government Act and the regulations thereunder. Subject to its fulfillment, this agreement, as stated in my letter of April 15, 1985, assures compliance with applicable laws and regulations relating to conflicts of interest and standards of conduct.

Sincerely,

DAVID H. MARTIN, *Director.*

APPENDIX F

MEMORANDUM FOR PAUL K. TRAUSE, DEPUTY ADMINISTRATOR, JOSEPH D. SHINE, ACTING DIRECTOR, OFFICE OF ETHICS; ALLIE B. LATIMER, GENERAL COUNSEL

From: Terence C. Golden.
Subject: Avoidance of Conflicts of Interest.

I will maintain in my personal file, for your information and appropriate action, a list of individuals who are partners of mine, together with a current list of partnerships and corporations in which I maintain a financial interest.

By law, I have a direct financial interest in the partnerships and an indirect financial interest in the partnerships in which the individual partners have a financial interest so long as I have knowledge of such financial interests.

I have agreed not to participate in any particular matter in which I or my known partners have a financial interest. Accordingly, any such particular matter which would normally be referred to me for action is to be directed instead to the Deputy Administrator for appropriate action. Such a particular matter may be something other than an actual contract, but must be something more specific than matters of general policy. Statutory examples include a contract, claim, judicial proceeding, or a request for decision or determination, which would have a direct and predictable effect upon the listed individuals or business entities.

To ensure that no actual or apparent conflict of interest exists, all particular matters to be referred to the Administrator for decision, or other formal action, shall be referred first to the Office of General Counsel and to the Office of Ethics for review. These offices shall take the necessary steps to develop sufficient information to conduct an adequate review of the matter and shall provide their opinion to the Deputy Administrator of the propriety of my action on the particular matter. Where, in the opinion of either office, a conflict or potential for conflict of interest exists, the substantive matter shall, as noted above, be referred to the Deputy Administrator for appropriate action.

This policy applies only to those matters in which I may be called upon to act. There is no change in the established procedures for particular matters not requiring my personal involvement.

These lists will be updated semi-annually, and are intended for internal use only.

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